

Message Text

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NSC-05 TRSE-00 USIA-06 /083 W
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FM AMEMBASSY TRIPOLI
TO SECSTATE WASHDC 4232
INFO USCINCEUR

C O N F I D E N T I A L SECTION 1 OF 2 TRIPOLI 0447

CINCEUR FOR POLAD

E.O. 11652: GDS
TAGS: AMGT, PFOR, XX
SUBJ: PARM - ANNUAL POLICY AND RESOURCE ASSESSMENT - PART I

REF: (A) STATE 038356 (B) CERP 0001

I. POLICY ASSESSMENT

A. U.S. INTERESTS

THE UNITED STATES HAS IMPORTANT POLITICAL/STRATEGIC
AND ECONOMIC/CULTURAL INTERESTS IN LIBYA. OUR POLITICAL/
STRATEGIC INTERESTS RELATE LARGELY TO LIBYA'S EFFECT UPON
OUR OBJECTIVES IN THE MIDDLE EAST SPECIFICALLY AND WITH
DEVELOPING COUNTRIES GENERALLY AND SHOULD, THEREFORE, BE
CONSIDERED FROM THESE PERSPECTIVES. OUR MAJOR POLITICAL
INTEREST LIES IN LIMITING LIBYAN DISRUPTIVE ACTIVITIES,
PARTICULARLY THOSE AIMED AT UNDERMINING PROGRESS TOWARD A
MIDDLE EAST SETTLEMENT OR PEACEFUL RESOLUTION OF SOUTHERN
AFRICA'S PROBLEMS. THE COMBINATION OF WEALTH AND A STRONG
INTERVENTIONIST IMPULSE HAS MADE LIBYA A RATHER DANGEROUS
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AND DESTABILIZING ELEMENT IN REGIONAL, AFRICAN AND THIRD
WORLD AFFAIRS. WE HAVE AN INTEREST IN CONTAINING
THESE LIBYAN DISRUPTIVE ACTIVITIES AND ENCOURAGING
QADHAFI'S POLITICAL ISOLATION. WE HAVE AN INTEREST
TOO IN PROTECTING U.S. OFFICIALS AND CITIZENS FROM
LIBYAN-SUPPORTED TERRORISTS.

IT IS ALSO IMPORTANT TO US THAT LIBYA NOT FALL UNDER SOVIET INFLUENCE OR UNDER THE INFLUENCE OF OTHER COMMUNIST COUNTRIES SUCH AS CUBA. LIBYA'S INCREASINGLY CLOSE RELATIONS WITH THE USSR OFFERS FURTHER OPPORTUNITIES FOR SOVIET PENETRATION OF THE MEDITERRANEAN LITTORAL, AND THE PURCHASE BY LIBYA OF LARGE QUANTITIES OF SOVIET ARMS MAY HAVE A DESTABILIZING EFFECT ON THE ENTIRE AREA. THERE IS ALSO SOME POTENTIAL FOR LIBYAN DISRUPTIVE ACTIVITIES IN CONNECTION WITH SOVIET AND CUBAN OBJECTIVES IN THE AREA.

OUR OVERRIDING ECONOMIC INTEREST IN LIBYA IS IN ACCESS TO LIBYAN CRUDE OIL, WHICH NOW CONSTITUTES SOME 10 PERCENT OF OUR TOTAL CRUDE IMPORTS AND APPROXIMATELY 30 PERCENT OF LIBYAN PRODUCTION. LIBYAN CRUDE IS OF GROWING SIGNIFICANCE TO U.S. IMPORTERS DUE TO RAPID INCREASE IN U.S. DEMAND FOR THE LIGHT LOW-SULFUR CRUDES WHICH LIBYA OFFERS AND WHICH ARE IN INCREASINGLY SHORT SUPPLY IN THE UNITED STATES. DENIAL OF ACCESS TO THESE CRUDES COULD MEAN DISRUPTION AND SHORTAGES IN U.S. PETROLEUM PRODUCT SUPPLIES UNTIL OTHER CRUDES OF SIMILAR CHARACTERISTICS ARE FOUND OR INVESTMENTS ARE MADE IN OUR CAPACITY TO REFINES HEAVIER, HIGHER SULFUR CRUDES. OUR PETROLEUM INTERESTS IN LIBYA ALSO INCLUDE PROTECTION OF THE REMAINING INVESTMENTS OF OUR OIL COMPANIES (ESTIMATED AT SOME 700 MILLION DOLLARS) AND THE WELFARE OF SOME 2,000 AMERICAN CITIZENS RESIDENT IN LIBYA INVOLVED IN OIL

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PRODUCTION. THE SUBSTANTIAL EARNINGS OF U.S. OIL COMPANIES IN LIBYA, AS WELL AS OUR COMMERCIAL EXPORT MARKET ARE INTERESTS WE WOULD WISH TO PRESERVE. OUR COMMERCIAL EXPORTS TO LIBYA IN 1976 HAVE BEEN VALUED AT SOME 275 MILLION DOLLARS.

WE ALSO HAVE AN INTEREST IN THE WZVBCYZYC# INFLUENCE AND POTENTIAL GOOD-WILL WHICH MAY RESULT FROM THE SIZEABLE NUMBER (APPROXIMATELY 2,000) OF LIBYAN STUDENTS WHICH ARE ENROLLED AT UNIVERSITIES IN THE UNITED STATES. THESE STUDENTS COULD BE A POSITIVE FACTOR IN FUTURE U.S.-LIBYAN RELATIONS.

B. OVERVIEW

RELATIONS BETWEEN LIBYA AND THE UNITED STATES HAVE BEEN STRAINED EVER SINCE THE CURRENT MILITARY GOVERNMENT CAME TO POWER IN SEPTEMBER 1969. LIBYA'S

IMMEDIATE OBJECTIVE UNDER QADHAFI'S LEADERSHIP HAS BEEN TO MOBILIZE THE ARABS TO BRING ABOUT THE RESTORATION OF PALESTINE. TO DO SO, LIBYA HAS USED ITS ENORMOUS OIL WEALTH TO SUPPORT PALESTINIAN REJECTIONISTS AND HAS VIROROUSLY OPPOSED ALL EFFORTS TO BRING ABOUT A PEACEFUL SETTLEMENT OF THE MIDDLE EAST QUESTION. QADHAFI VIEWS THE U.S., AND OTHER COUNTRIES, CHIEFLY IN TERMS OF THEIR ATTITUDE TOWARD THE PALESTINE QUESTION. THE LIBYANS HAVE GIVEN CONSIDERABLE MATERIAL AND POLITICAL SUPPORT TO A LARGE VARIETY OF INSURGENTS OR LIBERATION GROUPS WORLDWIDE. LIBYA HAS ALSO DEVELOPED A SIZEABLE ARSENAL OF MILITARY EQUIPMENT FROM THE SOVIET UNION TO SUPPORT ITS INTERVENTIONIST FOREIGN POLICY. ON ECONOMIC ISSUES, LIBYA TAKES A CONFRONTATIONIST STAND ON THE NORTH-SOUTH DIALOGUE, AND IS AMONG THE OPEC COUNTRIES DEMANDING AND RECEIVING LARGE OIL

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PRICE INCREASES.

NOTE BY OC/T: (#) MESSAGE AS RECEIVED.

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THERE IS LITTLE HOPE FOR ANY BASIC CHANGE IN OUR CURRENT ADVERSARY RELATIONSHIP WITH THE QADHAFI REGIME AS LONG AS THE ARAB/ISRAELI PROBLEM AND WORLD CRUDE OIL SHORTAGES EXIST. HOWEVER, WE HAVE NEVER BROKEN DIPLOMATIC RELATIONS WITH LIBYA AND THE LIBYANS HAVE RECENTLY PROFESSED A DESIRE TO IMPROVE RELATIONS ON THE BILATERAL LEVEL. SINCE WE DO HAVE IMPORTANT ECONOMIC AND POLITICAL INTERESTS IN LIBYA AND IN THE REGION, WE HAVE FOUND IT TO OUR ADVANTAGE TO MAINTAIN THOSE MINIMAL LINKS WHICH EXIST BETWEEN US AND TO ATTEMPT TO KEEP THOSE RELATIONSHIPS FROM SLIDING INTO A SERIES OF DANGEROUS CONFRONTATIONS.

C. OBJECTIVES - COURSES OF ACTION AND ISSUES

OUR PRIMARY OBJECTIVE IS TO EFFECT AN END TO LIBYAN SUPPORT FOR TERRORIST ACTIONS AGAINST U.S. OFFICIALS, CITIZENS AND INSTALLATIONS AND TO COUNTER LIBYA'S UNDERMINING OF U.S./MIDDLE EAST PEACE INITIATIVES. WE ALSO SEEK TO AVOID OR SUCCESSFULLY MANAGE THE PERIODIC CRISES AND CONFRONTATIONS WHICH

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THREATEN OUR RESIDUAL INTERESTS IN LIBYA.

I HAVE SUGGESTED THAT WE CONDUCT AN EXPLORATORY DIALOGUE WITH THE LIBYANS (IN RESPONSE TO THEIR PROFESSED DESIRE TO IMPROVE RELATIONS) FOR THE PURPOSE OF ASSESSING POSSIBILITIES FOR ACHIEVING OUR OBJECTIVES. EVENTS HAVE OVERTAKEN OUR PROPOSALS FOR A SERIES OF DISCUSSIONS WITH THE LIBYANS ON OUR OUTSTANDING DIFFERENCES BUT WE ARE CURRENTLY SEEKING TO DETERMINE WHETHER PROGRESS TOWARDS OUR OBJECTIVES IS POSSIBLE. DEPENDING ON THE OUTCOME OF CURRENT EFFORTS, THE VARIETY OF CARROT AND STICK APPROACHES WHICH MIGHT BE HELPFUL IN THIS PROCESS MUST BE HELD IN ABEYANCE.

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